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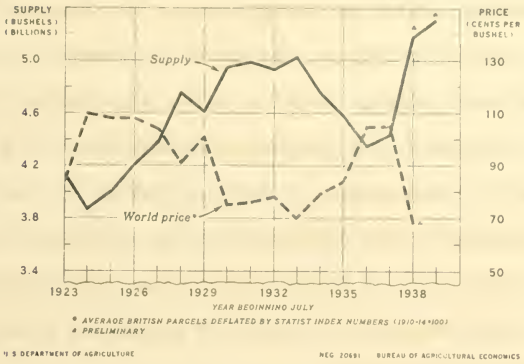
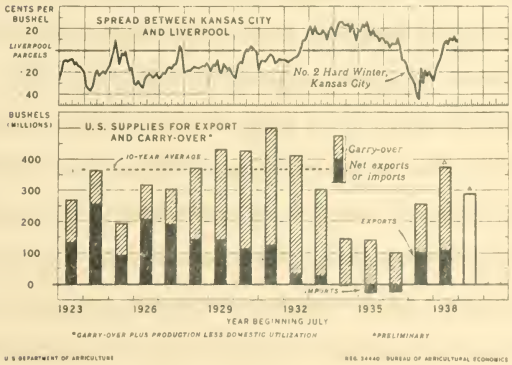
THE WHEAT SITUATION
INCLUDING RYE

WHEAT: WORLD SUPPLY AND PRICE, 1923-39



WHEAT: SPREAD BETWEEN PRICE AT KANSAS CITY AND LIVERPOOL, AND U. S. SUPPLIES FOR EXPORT AND CARRY-OVER, 1923-39



WORLD WHEAT SUPPLIES FOR THE YEAR 1939-40 ARE EXPECTED TO BE THE LARGEST ON RECORD, AND WORLD WHEAT PRICES HAVE DECLINED TO VERY LOW LEVELS. HOWEVER, PROSPECTIVE SUPPLIES FOR EXPORT AND CARRY-OVER IN THE UNITED STATES ARE BELOW AVERAGE AND WITH THE CONTINUATION OF THE WHEAT LOAN AND EXPORT-AID PROGRAM, DOMESTIC WHEAT PRICES MAY BE EXPECTED TO CONTINUE RELATIVELY HIGH COMPARED WITH WORLD PRICES.

THE WHEAT SITUATION
Including Rye

Summary

Conditions continue to favor high domestic prices for wheat relative to world prices, the Bureau of Agricultural Economics states in its current issue of The Wheat Situation. Prices in foreign markets are depressed by prospects of the largest wheat supplies in history, and prices at Liverpool have dropped to the lowest level in modern times. Domestic prices have remained independently strong, in comparison, influenced by a prospective United States crop very little above the annual domestic disappearance, a large proportion of wheat being placed under loan, and announcement of the continuance of the export-aid program. The price of No. 2 Hard Winter wheat at Kansas City for June 1939 averaged only 6 cents lower than for June 1938, while the price of parcels at Liverpool averaged 36 cents lower than a year earlier.

Prospective world wheat supplies 1/ for the year beginning July 1, 1939, are now estimated by the Bureau at about 5,290 million bushels, or about 120 million bushels above the record supplies of last year. The 1939 world production is now tentatively placed at about 4,090 million bushels, which is about 480 million bushels less than the record crop of 1938. This reduction, however, only partly offsets an estimated increase of approximately 600 million bushels in world stocks of old wheat carried over. The stocks on July 1 1/ are tentatively placed at about 1,200 million bushels compared with about 600 million bushels a year ago.

Production in the Northern Hemisphere may be about 3,615 million bushels, or about 380 million bushels less than a year ago. Significant decreases,

1/ All references to world production and stocks in this report exclude the Soviet Union and China, except where noted.

compared with 1939, are indicated for the United States and Europe, while larger crops are estimated for Canada and Northern Africa. The United States crop is estimated to be 214 million bushels below the production last year and the European crop about 215 million bushels less than in 1938. In the Southern Hemisphere seeding is nearing completion and present indications point to a somewhat smaller crop in Argentina, but a slight increase in production in Australia.

European wheat stocks have been greatly increased during the past year and world trade in wheat and flour in 1939-40 may not be as large as in 1938-39. It is possible, however, that political and military considerations in Europe might induce further large purchases during the year. In the European exporting countries prospects are again for large crops, although significantly below the record production of a year ago.

A United States wheat crop of 717 million bushels was indicated as of July 1. This is about 15 million bushels larger than the average domestic disappearance during the past 2 years, and about 30 million bushels larger than the 10-year (1928-37) average. If exports should turn out to be near the 10-year (1928-37) average of about 70 million bushels, a crop of this size would cause the carry-over on July 1, 1940 to be significantly reduced below that for 1939, which is estimated to be about 265 million bushels.

A United States rye crop of 41 million bushels was indicated by July 1 conditions, compared with 55 million bushels harvested last year. The current indication represents an increase of nearly 7 million bushels, compared with the indication a month earlier. The carry-over of rye is estimated at 23 million bushels, compared with 10 million bushels last year, making total supplies about the same as in 1938. The apparent disappearance of rye in 1938-39 was about

41 million bushels, compared with about 39 million bushels in 1937-38. In the important central European producing countries the rye crop again promises to be large, and overseas demand for United States rye this year is expected to be small. Exports of United States rye in 1938-39 totaled less than one million bushels.

The August issue of this report - the Summer Outlook issue - will contain facts of significance to wheat farmers in planning their seeding programs.

THE WORLD WHEAT SITUATION

BACKGROUND.-Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage. From 1934 to 1936 world supplies declined, following successive years of small yields and increased world demand. Supplies increased slightly in 1937. With the return of more normal yields on the large acreage, supplies in 1938 were again large - the largest on record up to that time (figure 1).

Total world shipments of wheat averaged 751 million bushels for the period 1923-37, reached a peak of 913 million bushels in the year beginning July 1928, and then declined sharply, largely as a result of the measures taken by importing countries to reduce the use of foreign wheat. For the year beginning July 1, 1938, world shipments were 598 million bushels.

World wheat prices declined in the period 1924-33 with the increase in world supplies. The sharp decline in prices after 1929 was due largely to the general decline in industrial activity and commodity prices. From the spring of 1933 to the summer of 1937, world wheat prices moved steadily upward, reflecting a world-wide recovery in commodity price levels, currency depreciation, and reduced production. The world price for the 1937 crop remained practically unchanged from that of a year earlier. In 1938 world prices again declined sharply, as a result of the record world production and weakness of demand (figure 1).

World crop prospects indicate a decrease of about 480 million bushels

World wheat production 2/ in 1939 is now tentatively estimated at about 4,090 million bushels, which is about 480 million bushels less than the all-time record crop produced in 1938. Table 1 shows the Bureau's first tabulation, by countries of the 1939 production.

The condition of the wheat crop in Canada on June 30 was 102 percent of the long-time average yield, as compared with 94 percent on June 30, 1938. This indicates a better crop condition on this date than in any year since 1928. During the first half of July favorable conditions continued and a considerable part of the crop was headed. Prospects were favorable in all parts of the country except in south-eastern Saskatchewan and in the Peace River area of Alberta, in which areas the crop is expected to be light. Hail storms are reported to have taken a considerable toll at scattered points over the Prairies, but no extensive damage has been reported. On July 15 the Dominion Bureau of Statistics reported that a week of high temperature and very little precipitation had resulted in deterioration of the crop. Early sown fields in Central and Southern districts of Manitoba and Saskatchewan were badly burned and the filling of heads was impaired. In Alberta, prospects remain very favorable but further rainfall is needed to build up moisture reserves, which were heavily drawn upon to support the rapid growth that has taken place. Grasshoppers are active and threaten damage to the crop, but have, so far, caused very little damage. On the basis of weather and yield studies, the crop is now forecast at 410 million bushels, which would be the largest crop since 1932.

The production of wheat in Europe, 3/ other than the Danubian countries, is now placed at 1,213 million bushels, compared with the production last year of 1,377 million bushels. In Italy there are reports of considerable rust. Harvest is now in active progress and yields are fairly good. Prospects in Germany point to only a moderate crop. Recent rains caused some damage to the crop. In France wheat is reported to be developing normally, but the crop is estimated to be only about 80 percent of the large 1938 harvest. In Portugal unfavorable conditions have caused some deterioration and the forecast has been recently reduced. In England and Wales a crop of about average size is forecast. In most other European countries, production is expected to be smaller than that of last year. In the Danubian countries a crop of about 414 million bushels is estimated. This is about 50 million bushels less than the large crop of 1938 but is somewhat above average.

Harvesting is now in progress in parts of the Soviet Union. It is reported that a poor crop is expected in the important Volga region.

2/ Excludes the Soviet Union and China.
3/ Excludes the Soviet Union.

Table 1.- Production of wheat in specified countries, 1936-39

Country	1936	1937	1938	1939
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
NORTHERN HEMISPHERE				
North America:				
United States	626,766	875,676	930,801	716,655
Canada	219,218	180,210	350,010	1/ 410,000
Mexico	13,581	10,587	13,425	2/ 13,000
Total (3)	859,565	1,066,473	1,294,236	1,139,655
Europe:				
Total excluding Danube	1,097,061	1,188,177	1,376,710	1,212,505
Danube				
Bulgaria	60,350	64,910	78,951	71,172
Hungary	87,789	72,158	98,777	104,755
Rumania	128,717	138,158	177,154	144,034
Yugoslavia	107,422	86,238	111,330	94,000
Total (4)	384,278	361,464	466,212	413,961
Total Europe (30)	1,481,339	1,549,641	1,842,922	1,626,466
Africa:				
Egypt	45,700	45,376	45,933	47,509
Algeria	29,774	33,209	34,941	3/ 44,827
Morocco	12,234	20,895	23,172	38,764
Tunisia	8,083	17,637	13,962	3/ 18,555
Total (4)	95,791	117,117	118,008	149,655
Asia:				
Palestine	2,795	4,682	1,633	5,000
Syria and Lebanon	15,704	17,277	23,674	2/ 21,000
India (May estimate)	349,813	362,395	393,979	364,560
Japan	45,192	50,410	45,244	4/ 52,530
Chosen	8,095	10,242	10,483	12,285
Turkey	141,582	132,985	156,097	2/ 146,000
Total (6)	563,181	577,991	631,110	601,375
Total 43 countries	2,999,876	3,311,222	3,886,276	3,517,151
Estimated Northern Hemisphere total, excluding Soviet Union and China	3,106,000	3,417,000	3,998,000	3,615,000
SOUTHERN HEMISPHERE				
Argentina	249,193	184,801	336,201	1/ 245,000
Australia	151,390	188,018	154,543	2/ 160,000
Union of South Africa	16,077	10,157	17,093	2/ 15,000
Estimated world total excluding Soviet Union and China	3,578,000	3,863,000	4,571,000	4,090,000

Compiled from official data except as otherwise noted.
1/ Based on weather conditions to date. 2/ Approximation. 3/ The International Institute of Agriculture considers this a maximum. 4/ Excludes one province.

Preliminary estimates indicate production in northern Africa to be about 32 million bushels above that of last year. Increased production, compared with that of 1938, is forecast for each of the four principal countries. A later cable from The International Institute of Agriculture, however, states that the crop in Algeria and Tunisia has suffered damage from rust and excessive moisture, and that the estimates given should be considered the maximum that can be expected.

The 1939 production in China is forecast at about the same figure as for the 1938 crop. The production in Japan, excluding the province of Hakkaido, is placed at 52.5 million bushels, compared with the 1938 crop of 45.2 million bushels.

In Argentina most of the wheat has now been seeded and a reduction in acreage of as high as 10 percent compared with the 1938 seedings may result. Reductions in wheat acreage resulted from unfavorable weather during the seeding season, the large wheat stocks on hand, and the low wheat prices. Conditions during the past month have been favorable and the condition of the crop is now good, although moisture reserves are still below normal in some parts of the country. On the basis of weather and yield studies the crop is now forecast at about 245 million bushels.

Reports on the condition of the crop in Australia are largely favorable but there are some complaints of rank growth. The acreage is indicated at about 13.5 million acres, compared with 14.1 million acres reported in 1938. Based on conditions to date, production is now forecast at about 160 million bushels.

World carry-over prospects indicate increase of about 600 million bushels

Stocks of old wheat July 1 seem likely to be almost to 1,200 million bushels, compared with about 600 million bushels in 1938. Stocks in the United States are expected to be about 265 million bushels, while the surplus for export or carry-over as of July 1 for Canada is estimated at 127 million bushels, for Argentina 159 million bushels, and for Australia 45 million bushels (table 8). The estimate for the United States is 111 million bushels above the figure for 1938, while the estimates for Canada, Argentina, and Australia are 92 million bushels, 123 million bushels, and 1 million bushels larger, respectively, than a year earlier. United Kingdom port stocks, of 22 million bushels, are 10 million bushels larger than in 1938 and stocks afloat to Europe and on orders estimated at 67 million bushels, are 9 million bushels larger than a year earlier (table 8). On the basis of early indications, estimates for Europe and all other countries, excluding Soviet Russia and China, are tentatively placed between 500 and 550 million bushels, compared with less than 300 million bushels a year ago.

World imports in 1938-39 about 75 million bushels more than a year earlier

It now appears that net imports by European importing countries for the year ended June 30, 1939, will be about 420 million bushels (table 11), compared with 394 million bushels for the year ended June 30, 1938, and shipments to non-European countries 147 million bushels (Broomhall), compared with

99 million bushels a year earlier. Imports by European countries reported to date are shown in table 11.

The Italian Government has announced the abolition of the corn mixture in Italian bread flour. However, it is believed that Italy has good reserves of wheat and that the new crop may come close to meeting domestic requirements for 1939-40, and it is not likely that this change in milling regulations will increase Italy's takings of foreign wheat.

Exports of wheat from Argentina, Canada, and the Danube countries have continued heavy. Tables 7, 9 and 10 show the current movement in international wheat and flour with comparisons.

United States exports of wheat and flour made from domestic wheat in terms of grain, for the year ended June 30, 1939, are estimated at 109 million bushels and shipments to insular possessions about 3 million bushels. Of the estimated 109 million bushels, the United Kingdom and Ireland took about one-third, and slightly more than one-third went to other European countries. Over 12 million bushels were shipped to the Orient, principally China, as against 1.6 million bushels last season. Imports by China have been heavy since early 1939 as a result of small stocks and high domestic prices and also as there has been a tendency to invest capital in such commodities because of unsettled exchange conditions. Exports to Canada and Latin America were smaller this season than last.

Sales of wheat and flour for export by the United States totaled 118 million bushels for the year ended June 30, 1939, of which about 9 million bushels were not included in actual exports before June 30. These sales included 90 million bushels of wheat and 28 million bushels of wheat in the form of flour. Of the total sales for export, sales of approximately 94 million bushels was assisted by the Federal export program, consisting of about 70 million bushels of wheat sold by the Federal Surplus Commodities Corporation for export and 24 million bushels of wheat in the form of flour upon which an indemnity was paid. The average purchase price of the 70 million bushels of wheat was 75.5 cents, and the average price at which the wheat was sold to exporters was 46.6 cents, which indicates a subsidy of about 29 cents per bushel. The average indemnity paid on the 24 million bushels of wheat exported in the form of flour was 22 cents per bushel.

Of the 70 million bushels of wheat sold by the Federal Surplus Commodities Corporation approximately 29 million bushels were exported from Pacific ports, 35 million bushels from Gulf ports, and about 5 million bushels from Atlantic ports. Tables 11 and 12 show destinations by countries of flour, and of wheat for which landing certificates had been returned by the customs service up to the middle of July.

World wheat imports in 1939-40 may be reduced

European wheat stocks have been greatly increased during the past year and world trade in wheat and flour in 1939-40 may not be so large as in 1938-39. It is possible, however, that political and military considerations in Europe might induce further large purchases during the year. In the European exporting

countries prospects are again for large crops, although significantly below the record production of a year ago. Large crops in these countries reduce European takings of overseas wheat.

Supplies of bread grains in Germany are large enough so that regardless of the crop outturn this year there will be no difficulty in meeting domestic requirements, even though no imports are made. Supplies in Italy are also large and the new crop may come close to meeting domestic requirements in 1939-40. If the wheat harvest in the Netherlands turns out as low as now appears probable, there should be some increase in import takings in the current year. Spain may be in the market for a small quantity of grain.

Liverpool prices decline to record low levels

Wheat prices in important foreign markets have continued the general decline which began the first of June, with Liverpool prices falling to the lowest level in modern times. During the past month and a half spring wheat crop prospects in the United States and Canada have improved and prospects in Europe have continued favorable. European demand for large remaining stocks of old wheat has been slow and offerings, especially from Argentina, have been heavy.

World wheat prices may be expected to be affected largely by changes in crop developments. If present prospects for larger world supplies materialize and demand is not materially changed, world prices may be expected to average lower than in the year ended June 30, 1939. The demand for wheat, however, might be affected by a material increase in political tension abroad or by general improvement in the world economic situation.

Average closing futures prices at Winnipeg, Liverpool, and Buenos Aires, compared with prices in domestic markets, are shown in table 4. Cash prices of Canadian, Argentine, and Australian wheat in Liverpool are shown in table 2. There have been no cash quotations for United States wheat in Liverpool reported recently.

Table 2.- Prices of imported wheat at Liverpool

Date (Friday)	Hard wheats			Soft wheat		
	U. S. (Gulf) No.1 Dk. Hd. Winter	Canada No. 3 Manitoba	U. S. (Pacific) White	Argentine Rosafe	Australian	Rumanian
	Cents	Cents	Cents	Cents	Cents	Cents
May 5	--	76.1	--	63.3	69.5	--
12	68.0	75.3	--	62.5	69.5	--
19	--	75.0	--	61.8	69.5	--
26	--	75.3	--	61.7	68.4	--
June 2	--	75.0	--	60.7	68.1	--
9	--	71.0	--	58.9	65.1	--
16	--	70.2	--	58.9	64.7	--
23	--	67.3	--	54.9	62.9	--
30	--	68.7	--	57.8	62.1	--
July 7	--	67.3	--	55.6	61.4	--
14	--	62.5	--	52.7	60.7	--

THE DOMESTIC WHEAT SITUATION

BACKGROUND.- The carry-over of wheat in the United States, which for the 5 years 1924-28 averaged about 115 million bushels, increased to a record of about 375 million in 1933. Four small crops in the years following, however, reduced stocks to less than 100 million bushels by July 1, 1937. In 1938 stocks of old wheat were 153 million bushels. The domestic disappearance during the 10 years 1928-37 averaged about 685 million bushels.

Wheat exports from the United States declined steadily after the World War, and, because of droughts, imports were necessary from 1934 to 1936. The 1937 domestic crop was greatly in excess of domestic needs, the Canadian and Argentine crops were small, and about 100 million bushels of United States wheat were exported. In 1938 the domestic crop was again large, but foreign demand for domestic wheat has been less favorable because of large crops in other exporting countries.

Domestic wheat prices from the spring of 1933 to that of 1937 were unusually high in relation to world prices. During the year beginning July 1936, both world and domestic prices advanced sharply as a result of increased demand and small supplies. Prices received by producers for the 1936-37 season averaged 103 cents per bushel, and for the 1937-38 season, 96 cents. Prices during the 1938-39 season have been substantially below those of a year earlier, largely as the result of the large world wheat supplies.

New crop may total little larger than domestic disappearance

A United States wheat crop of 717 million bushels was indicated as of July 1. This is 214 million bushels less than the relatively large crop of 931 million bushels harvested in 1938, and 36 million bushels less than the 10-year (1928-37) average of 753 million bushels. The July 1 indication for winter wheat was 538 million bushels, which is an increase of 14 million bushels compared with the indication a month earlier. The first official indication for all spring wheat, as of July 1, was 179 million bushels. A total crop of 717 million bushels is about 15 million bushels larger than the average domestic disappearance during the past 2 years, and about 30 million bushels larger than the 10-year (1928-37) average. If exports should turn out to be near the 10-year (1928-37) average of about 70 million bushels, a crop of this size would cause the carry-over on July 1, 1940, to be significantly reduced below that for 1939, which is estimated to be about 265 million bushels.

Winter wheat.- Preliminary threshing returns indicated that the crop was turning out better than expected in Oklahoma, Kansas, Missouri, and Illinois. Cool, cloudy weather during June with frequent light showers was also favorable in the Northwest, where drought conditions had developed earlier,

and prospects in this area improved quite generally. On July 1, indicated yields ranged from 1/2 bushel per acre higher than a month earlier in Kansas and Illinois to 2.0 bushels higher in Oklahoma and Oregon. Frequent rains delayed wheat harvesting in northern Oklahoma and eastern Kansas, where some loss through lodging, flood and shattering was reported, and in much of the eastern Corn Belt. However, conditions since July 1, have been generally favorable for harvesting. Final yields were slightly lower than expected in Texas, where harvesting was about completed by July 1, and in the Western Plains area, including the States of New Mexico, Colorado, and Wyoming. Some stem rust has been found in parts of the hard red winter wheat area, but this generally made its appearance too late to be a factor in appreciably reducing yields, except in late fields. The quality of the crop is generally good.

Spring wheat.- All spring wheat production, including durum, estimated at 178.9 million bushels, as of July 1, compares with 244.2 million bushels harvested on a 20 percent larger acreage in 1938, and the 10-year average of 192.8 million bushels. Although conditions improved materially during June, with relatively cool weather generally and ample rainfall over most of the important spring wheat area of the Northern Plains, prospective yields per acre on July 1 were still somewhat below average in all of the important producing States except North Dakota and Montana. Stands were somewhat thin in much of the Northern Plains area and straw short. Durum wheat production was estimated at 30.9 million bushels compared with 40.4 million bushels harvested in 1938 and the 10-year average of 35.1 million bushels. On July 1, yields were expected to be about average, although yields by States are 1 to 3 bushels below those of last year. About 82 percent of the prospective production is in North Dakota. The 1939 acreage of all spring wheat for harvest is estimated at 16.4 million acres compared with 20.5 million acres harvested in 1938 and the 10-year average of 17.6 million acres. The acreage seeded to all spring wheat this year was 18.4 million acres, which is about 1.1 million acres less than the reported intentions in March. The acreage seeded in 1938 was 23.5 million acres and the 10-year average, 22.4 million acres. July 1 conditions indicated a probable loss of acreage of about 11 percent, which is slightly less than the 1938 abandonment and about one-half the 10-year average.

During early July, weather continued favorable for the development of the spring wheat crop. More recently, the weather has been less favorable, although without marked plant deterioration in general. Some spring wheat is in shock in North Dakota and harvest has been completed in southeastern South Dakota. Considerable spring wheat is being harvested prematurely to prevent further grasshopper damage. Grasshoppers have done some harm in North Dakota, but not extensive.

Only a trace of stem rust has developed on spring wheat in South Dakota and Minnesota where resistant varieties are maturing practically free of rust infection, according to a statement issued by the Bureau of Entomology on July 21. High temperatures on July 11 and 12 temporarily checked rust development in North Dakota where only a trace of infection was present, excepting in limited localities. A sprinkling of stem rust could be found in all fields of

susceptible varieties of wheat in the western one-third of North Dakota on July 18 but only in the southwest was there danger of infection developing to the point where it might cause damage. Wheat in the western part of North Dakota was in the medium to hard dough and maturing rapidly as a result of recent hot weather. No more than a trace of rust could be found on durums in either South Dakota or North Dakota, and further development of the fungus on durum varieties appears unlikely because of premature ripening. It is not expected that rust will damage wheat in the Red River Valley of Minnesota and North Dakota this year excepting possibly in late fields.

Table 3.- Acreage and production of wheat, United States, 10-year average, 1938 and 1939

Kind of wheat	Acreage harvested or to be harvested			Production		
	Average 1928-37	1938	1939	Average 1928-37	1938	Indicated 1939
	Million acres	Million acres	Million acres	Million bushels	Million bushels	Million bushels
Winter wheat	38.2	49.7	38.6	560.2	686.6	537.7
Durum 1/	3.3	3.5	3.1	35.1	40.5	30.9
Other spring	14.3	17.0	13.3	157.7	203.7	148.0
Total	55.8	70.2	55.0	753.0	930.8	716.6

1/ Minnesota, North Dakota and South Dakota.

U. S. stocks of old wheat still estimated at about 265 million bushels

On June 15 stocks of old wheat in the United States were tentatively estimated at 265 million bushels, including 6 million bushels held for crop insurance. It now appears that United States exports and shipments of wheat and flour made from domestic wheat, in terms of grain, for the year ended June 30, 1939, will be about 112 million bushels instead of 115 million bushels as was expected in June. If disappearance amounts to 704 million bushels, the June estimate, this would indicate a carry-over of 268 million bushels. However, the current figure for exports and shipments includes an estimate for June and the figure for domestic disappearance includes a rather broad estimate of wheat used for feed, which might cause the final figure to vary as much as or more than 3 million bushels. Accordingly, a revision of the 265 million bushel total has not been deemed justified.

The total estimate of stocks 3/ includes stocks on farms, in country elevators and mills, in cities (commercial stocks), and in merchant mills and elevators. Stocks of old wheat on farms July 1 were estimated at 90.9 million bushels and in cities at 67.5 million bushels, making a total of 158.3 million bushels for these two items, which compares with 81.3 million bushels for the same items a year earlier. Estimates of stocks in country elevators and mills will be released July 25, and estimates of stocks in merchant mills and elevators will be available in late July or early August. These will be published in the August issue of the "The Wheat Situation".

3/ Stocks of old crop wheat in the various positions for 1937 and 1938 are shown in "The Wheat Situation", February 23, 1939, page 18.

Domestic wheat prices remain independently strong

With the prospective domestic crop only a little larger than the annual domestic disappearance, with a large proportion of wheat being placed under loan, and with an announcement of the continuation of the export-aid program, domestic wheat prices have remained independently strong in the face of very low prices in foreign markets. The price of No. 2 Hard Winter wheat at Kansas City for June 1939 was only 6 cents lower than in June 1938 (table 5), even though the price of Parcels at Liverpool was 36 cents lower. Similarly, the price of futures at Chicago in June 1939 averaged only 5 cents lower than in June 1938 (table 6), while the price of futures at Liverpool averaged 30 cents lower.

Table 4 shows the relationship of prices in domestic and foreign markets for the past 3 years. The price of No. 2 Hard Winter wheat in Kansas City in June 1937 and 1938 averaged 18½ cents below the price of Parcels at Liverpool, while in June 1939, the Kansas City price was 7 cents above the price at Liverpool, or a total of 25½ cents higher than the average June price for the past 2 years. In the case of futures prices at Chicago and at Liverpool, the spread in June was 27 cents. Table 4 also shows similar comparisons with prices at Winnipeg.

Table 4.- Spreads between domestic wheat prices and prices at Winnipeg and Liverpool, specified periods, 1934-37

Month and year	Futures per bushel: Amount Chicago averaged above		Futures per bushel: Amount Kansas City averaged above		Cash wheat per bushel: Amount No. 2 Hd. Winter (Kansas City) averaged above	
	Winnipeg Sept.-Oct.	Liverpool Sept.-Oct.	Winnipeg Sept.-Oct.	Liverpool Sept.-Oct.	No. 3 Manitoba (Winnipeg)	Parcels (Liverpool)
	Cents	Cents	Cents	Cents	Cents	Cents
May						
1937	- 3	+14	- 6	-17	6	- 9
1938	- 7	-15	-11	-19	-26	-19
1939	9	13	5	8	18	12
June						
1937	- 6	-14	- 9	-17	1	-13
1938	- 5	- 8	- 9	-13	-27	-24
1939	12	16	6	12		7
Week ended July 15						
1937					-20	1/
1938.....	- 6	-13	-11	-18	-21	1/
1939.....	12	11	8	6	18	1/

1/ Not available

Table 5.-Weighted average cash price of wheat, specified markets and dates, 1938 and 1939

Month or date	All classes and grades six markets		No. 2 Hard Winter Kansas City		No. 1 Dk.N.Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		Western White Seattle 1/	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Crop yr. av. ending June 30	106.3	69.9	110.8	69.5	127.9	79.1	76.4	72.5	112.6	69.6	88.2	66.6
Apr. ...	86.2	72.4	84.6	69.6	110.5	77.8	100.0	74.3	85.0	76.4	81.4	69.7
May	82.0	80.2	79.7	75.7	105.3	85.6	88.4	79.1	76.9	82.7	77.0	71.8
June ...	81.3	74.5	76.7	70.9	105.0	84.4	90.0	76.4	74.8	73.4	73.7	72.3
June 3	74.6	83.9	69.7	79.0	94.8	89.0	75.4	82.0	69.6	84.6	68.2	73.0
10	83.9	79.8	77.8	75.5	101.9	85.1	87.8	80.2	72.8	81.2	71.0	72.1
17	91.1	76.8	86.7	72.4	115.8	83.7	97.7	75.8	83.0	77.0	77.4	72.8
24	83.1	71.8	77.4	69.2	105.6	82.2	92.3	72.7	79.6	75.1	76.3	71.5
July 1	73.3	70.6	72.9	70.4	105.1	83.5	83.9	74.6	70.7	71.9	72.6	72.6
8	69.6	69.0	69.4	68.8	97.0	80.9	83.4	72.3	69.1	70.4	69.2	70.7
15	69.6	66.7	71.1	65.2	97.6	80.7	83.3	69.2	69.0	68.3	69.4	---
High 2/	91.1	83.9	86.7	79.0	115.8	89.0	101.4	82.0	85.7	85.4	82.2	73.0
Low 2/	69.6	66.7	69.4	65.2	94.8	76.6	75.4	69.2	69.0	68.3	68.2	67.9

1/ Weekly average of daily cash quotations, basis No. 1 sacked.
2/ April 8 to June 17, 1939, and corresponding dates for 1938.

Table 6.- Average closing price of September wheat futures, specified markets and dates, 1938 and 1939

Month or date	Winnipeg 1/		Liverpool 1/		Buenos Aires		Chicago		Kansas City		Minneapolis	
	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939	1938	1939
	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.	Ct.
Apr. ...	88.9	61.7	98.0	61.1	---	---	81.6	68.5	77.6	64.1	87.1	71.4
May	84.0	65.6	92.3	62.2	---	---	77.1	74.8	73.3	70.6	80.9	78.4
June ...	82.9	60.7	86.6	56.5	---	---	78.1	72.9	74.0	68.5	82.7	76.8
June 3	76.9	66.0	81.5	64.0	---	---	71.0	77.8	67.4	73.7	75.9	81.6
10	80.1	62.8	84.4	61.6	---	---	75.4	75.6	72.0	71.4	80.3	78.8
17	85.3	61.8	88.6	60.2	---	---	80.0	73.5	76.1	68.8	88.6	77.1
24	85.8	60.2	87.7	58.9	82.9	2/59.8	77.7	70.7	72.7	66.1	85.2	74.5
July 1	83.8	60.1	88.1	59.0	82.7	2/59.6	76.0	71.8	70.6	67.0	81.6	75.8
8	78.8	58.8	84.6	58.1	80.8	2/59.5	72.6	69.2	67.1	64.7	77.8	73.0
15	78.4	54.6	84.8	56.0	78.8	2/59.5	72.2	66.7	67.0	62.2	77.8	70.6
High 3/	90.0	67.3	99.3	65.2	82.9	2/59.8	82.9	77.8	79.0	73.7	88.6	81.6
Low 3/	76.9	54.6	81.5	56.0	78.8	2/59.5	71.0	66.7	67.0	62.2	75.9	70.1

1/ Conversions at Noon buying rate of exchange; for October futures.
2/ August futures.
3/ April 8 to July 15, 1939, and corresponding dates for 1938.

Table 7.- Movement of wheat, including flour, from principal exporting countries, 1935-36 to 1938-39

Country	Exports as given by official sources						Date
	Total			July 1 to date shown			
	1935-36	1936-37	1937-38	1936-37	1937-38	1938-39	
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	
United States 1/	15,929	21,584	107,204	19,368	98,184	108,937	May 31
Canada	237,447	213,028	94,546	213,028	94,546	169,885	June 30
Argentina	76,577	162,977	69,670	157,925	62,137	91,866	May 31
Australia	105,328	98,730	123,343	75,521	96,248	78,028	Apr. 30
Soviet Union	29,704	4,479	43,354	1,290	18,694	31,529	Oct. 31
Hungary	14,644	27,428	9,368	26,658	8,917	25,809	May 31
Yugoslavia	728	17,954	5,012	14,922	4,904	5,819	Apr. 30
Rumania	6,392	36,264	32,962	35,534	31,358	40,318	May 31
Bulgaria	988	7,273	8,484	5,859	7,104	378	Apr. 30
British India	2,556	16,571	19,677	9,418	13,539	9,100	Feb. 28
Total	490,295	606,288	513,620				

	Shipments as given by trade sources						
	Total		Week ended 1939			July 1 - July 15	
	1937-38	1938-39	July 1	July 8	July 15	1938	1939
	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
North America 2/	184,720	245,296	3,888	5,372	2,868	6,752	8,240
Canada 3/	94,546	169,885	3,400	3,100	--- 4/	1,800 4/	3,100
United States 5/	83,589	94,157	1,480	1,147	504	3,072	1,651
Argentina	66,928	114,272	3,700	4,282	3,745	4,208	8,027
Australia	127,520	102,116	1,836	1,459	1,867	4,396	3,326
Soviet Union	42,248	39,824	0	408	680	1,416	1,088
Danube and Bulgaria 6/	37,232	52,848	2,160	1,032	1,240	488	2,272
British India	7/19,677	6,280	0	0	0	1,432	0
Total 8/	478,325	560,636				18,692	22,953
Total European shipments 2/	397,592	450,784	9,848				
Total ex-European shipments 2/	99,400	146,760	2,640				

1/ Includes flour milled in bond from foreign wheat.
2/ Broomhall's Corn Trade News.
3/ Official exports as reported to date, supplemented by reported weekly clearances of wheat, and estimates of flour shipments.
4/ Week ended July 8 only.
5/ Official reports received from 16 principal ports only.
6/ Black Sea shipments only.
7/ Official.
8/ Total of trade figures includes North America as reported by Broomhall's but does not include items 2 and 3.

Table 8.-Wheat surplus for export or carry-over in three exporting countries, United Kingdom port stocks and stocks afloat, July 1, 1936-39 1/

Position	1936	1937	1938	1939
	Mil.bu.	Mil.bu.	Mil.bu.	Mil.bu.
Canada				
In Canada	145	45	34	122
In the United States	15	5	1	5
Argentina	34	21	36	159
Australia	37	33	44	45
Total	231	104	115	331
United Kingdom port stocks	10	11	12	22
Stocks afloat to:				
United Kingdom	14	12	13	18
Continent	8	12	11	14
Orders	5	10	12	13
Total	37	45	48	67
Grand total	268	149	163	398

1/ Carry-over at the beginning of the year (Canada, July 31; Argentina, January 1; Australia, December 1 of the previous year) plus production, minus domestic utilization for the year, minus monthly exports to date.

Table 9.-Shipments of wheat, including flour from principal exporting countries, specified dates, 1937-38 and 1938-39

Period	Argentina		Australia		Danube		North America	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
July-May	61,116	92,536	116,128	94,208	35,864	46,336	171,056	226,848
Week ended-								
June 10	1,088	4,868	4,368	3,204	24	1,136	5,312	4,888
17	2,172	7,804	1,436	1,340	288	1,896	3,616	5,232
24	956	5,364	2,540	1,528	208	1,320	2,096	4,440
July 1	1,596	3,700	3,048	1,836	848	2,160	2,640	3,888
8	2,700	4,282	3,272	1,459	224	1,032	3,776	5,372
15	1,508	3,745	1,124	1,867	264	1,240	2,976	2,868

Compiled from Broomhall's Corn Trade News.

Table 10.-Exports of wheat and wheat flour from the United States, 1937-38 and 1938-39

(Includes flour milled in bond from foreign wheat)

Period	Wheat		Wheat flour		Wheat including flour	
	1937-38	1938-39	1937-38	1938-39	1937-38	1938-39
	1,000 bushels	1,000 bushels	1,000 barrels	1,000 barrels	1,000 bushels	1,000 bushels
July-May	76,681	80,610	4,575	6,027	98,184	108,937
Week ended- 1/						
June 10	1,271	1,231	66	67	1,581	1,546
17	707	554	62	167	998	1,339
24	1,234	702	28	123	1,366	1,280
July 1	1,129	1,240	54	51	1,383	1,480
8	1,432	686	50	98	1,667	1,147
15	1,114	2/ 354	62	2/ 32	1,405	2/ 504

Compiled from reports of the Department of Commerce.

1/ Data for total exports from the United States by weeks are not available. These data represent exports through 16 of the principal ports.
2/ Preliminary.

Table 11.- Net imports of wheat, including flour, into European countries, year beginning July 1, 1937 and 1938

Country	1937-38	1938-39 forecast 1/	Reported net imports July 1 to	1937-38	1938-39
	Mil. bu.	Mil. bu.		Mil. bu.	Mil. bu.
Belgium	36	34	April 30	31	29
Czechoslovakia	2/ - 1	2/- 1	March 30	2/- 2	3/
Denmark	6	6	May 31	6	5
Finland	3	3	May 31	2	2
France	15	1	May 31	14	1
Germany)	54	45	May 31	45	4/ 36
Austria)			Feb. 28	4	5
Greece	18	10	March 31	12	8
Ireland	14	16	May 31	13	15
Italy	5	12	April 30	5	9
Latvia	1	0	March 31	5/	5/
Netherlands	24	29	May 31	22	26
Norway	7	8	May 31	6	7
Poland	3/	2/- 3	May 31	3/	2/ - 3
Portugal	1	5	April 30	5/	4
Sweden	2/ - 1	2	May 31	2/- 1	2
Switzerland	14	17	May 31	13	16
United Kingdom	193	215	May 31	173	198
Total imports of above	391	403		346	363
Spain	3	16			
Total imports	394	419			
Total exports	2	4		3	3
Total net imports	392	415		343	360

1/ Forecasts by European offices of U. S. Department of Agriculture.
2/ Net exports.
3/ Net exports of less than 500,000 bushels.
4/ Includes new territory and is therefore, not strictly comparable with preceding years.
5/ Less than 500,000 bushels.

Compiled from official sources except as otherwise stated.

Table 12.- Destinations of Flour Sold Under the Export Program, year ended June 30, 1939

Country of Destination	Barrels Sold
North America	
Canada	56,636
Newfoundland	11,391
Central America	
Guatemala	90,673
Salvador	24,622
Honduras	4,273
Nicaragua	50,940
Costa Rico	39,148
Panama	30,675
West Indies	
British W. I.	45,891
French W. I.	24,471
Dutch W. I.	28,276
Haiti	39,810
Dominican Republic	10,484
Cuba	495,614
Virgin Islands	12,466
South America	
Brazil	11,838
Colombia	3,179
Ecuador	178,369
Peru	2,595
Venezuela	52,923
Europe	
England	4,169
Scotland	34,247
Sweden	3,189
Denmark	1,881
Belgium	8,294
Holland	458,209
Germany	36
Italy	3,615
Gibraltar	1,016
France	6,946
Greece	895
Malta	11
Portugal	3,271
Norway	22,231
Spain	2,041
Asia	
China	1,891,472
Hong Kong	485,065
Japan	6
Philippine Islands	1,035,238
Australia	10
Palestine	24,675
Other Countries	44,193
TOTAL	5,244,994
Wheat Equivalent in bushels	24,085,811

Table 13.- Destinations of Wheat Exported under Export Program, year ended June 30, 1939 1/

Belgium	8,958,497
Holland	6,029,653
Belgium and Holland 2/	3,322,897
Canada	983,104
China	6,159,447
Colombia	155,355
Cuba	33,421
Dominican Republic	22,504
France	509,081
Germany	1,179,505
Greece	39,777
Honduras	127,670
Ireland	1,781,536
Italy	29,323
Mexico	2,651,259
Norway	324,795
Palestine	109,266
Panama	666
Peru	55,416
Russia	3,020,756
Spain	588,000
Salvador	190,356
United Kingdom	26,817,693
United Kingdom or Belgium or Holland 2/	285,000
Venezuela	1,838
TOTAL EXPORTED	63,388,665

1/ Incomplete. Covers only the wheat on which landing certificates have been received.

2/ Exact destination not known at time wheat was exported. Ocean bill of lading called for delivery to one or the other of the countries mentioned.

THE RYE SITUATION

BACKGROUND.- During the past 10 years rye acreage has remained above the pre-war level, but has been below the high level reached at the close of the War. The increase in rye production during the war period was due largely to an expansion of rye acreage into the sub-humid area of the spring Wheat Belt. Since 1924 yields have been generally below the average for the years 1910-15 and acreage abandonment somewhat larger. In 1933, 1934, and 1936 droughts greatly reduced rye yields, caused heavy abandonment and reduced supplies below domestic requirements. With more favorable growing seasons in 1935 and 1937 yields and production were much above the 10-year average.

United States rye estimate increase on July 1

Growing conditions for rye improved materially during June and the July 1 conditions indicated a crop of 41.5 million bushels, - nearly 7 million bushels more than the indicated production on June 1. The indicated production was increased about 1½ million bushels in Minnesota, nearly 3 million bushels in North Dakota, and over 2½ million bushels in South Dakota. Prospects were reduced somewhat in Illinois, Iowa, and Wisconsin. The production of rye in 1938 was 55.0 million bushels, and for the 1928-37 average 36.3 million bushels.

The July 1 estimated acreage for harvest was 4,100,000 acres which compares with 3,979,000 acreas last year and the 1928-37 average of 3,179,000 acres. This is the second largest acreage for harvest since 1923. The acreage for harvest was reduced from last year in Minnesota, Iowa, and North Dakota. In South Dakota the acreage was about the same as last year while in Nebraska, Michigan, and Indiana acreage was increased over that of 1938. Indicated yields were generally lower than those of 1938 throughout most of the rye producing area. In the eastern rye producing States yields were only slightly below those of 1938, while in Minnesota, Iowa, the Dakotas, and Nebraska yields were much below those of a year ago. Indicated yields were near the 1928-37 average in practically all sections of the country.

The stocks of rye in the United States at the beginning of the 1939-40 marketing year are estimated at 23 million bushels, which is considerably above average (table 14). Last year the carry-over was about 10 million bushels. With a crop of 41 million bushels, indicated on July 1, the total supply of rye for 1939-40 will amount to around 81,165 million bushels, or about the same as last year (table 14). A supply of this size would be larger than supplies in 1936 and 1937 but well below the large supply of 70 million bushels in 1935. The apparent disappearance of rye in 1938-39 was about 41 million bushels, and in 1937-38 it was 39 million bushels. Of the estimated 41 million bushels disappearance about 19 million bushels were used for feed, about 10 million bushels for seed, about

7 million bushels for food, and about 5 million bushels for distilled spirits and alcohol.

Present indications are that the supply of rye in 1939-40 will again be more than sufficient to take care of food and feed requirements, and the carry-over may be greater at the end of the marketing year than at the end of the 1938-39 season. In the past 3 years a comparatively large percentage of the rye crop was fed, as a result of a shortage of supplies in feed grains in some of these years and the unusually large supplies of rye. In 1937 and 1938 feed grain supplies were more than ample for livestock on farms, but feeding of rye was heavy as a result of unusually large supplies. Supplies of feed grain will again be ample for livestock requirements in 1939-40, and the demand for feeders will probably be no more favorable than for the past 2 marketing years.

Rye exports in 1939-40 may again be small

The European rye crop 4/ in 1939 will again be large but somewhat below the all-time record crop of 1938, according to present indications, and overseas demand for United States rye this year may, accordingly, again be small.

Estimates of production are available for only a few countries at the present time, but condition reports indicate a substantial decrease, compared with last year's crop. In Germany, which is the largest European producer, 4/ prospects are still for a good crop but recently weather has caused some deterioration to the crop, and prospects at this time are not quite so favorable as they were a month ago. In Poland, which is the next country in importance in rye production, the condition figure is a little above average. In Hungary, Rumania, and Bulgaria the combined total of the estimated production is about 6 percent above the 1938 crop in these countries. The condition in Lithuania is also a little above average.

Rye price decline

The weekly average price of No. 2 rye at Minneapolis declined from 55.2 cents per bushel for the week ended June 3 to 42.1 cents per bushel for the week ended July 15 influenced primarily by an improvement in the prospects for the 1939 rye crop. Prices for the week ended July 15 were 12 cents lower than for the corresponding week of 1938 and only about 3 cents per pound above the low weekly average for the 1938-39 marketing year reached in September. The large supply of rye for 1939-40, together with comparatively large supplies of feed grains, is apparently the principal price depressing factor in the current situation. The level of rye prices during the next few weeks will be influenced by further changes in the prospects for the rye supply, changes in the prospects for other grain supplies, and changes in business conditions and in industrial demand.

4/ Excludes the Soviet Union.

Table 14.-Rye: Supply and distribution, United States, 1935-39

Year beginning July	Supply: Stocks: Commercial July 1	Supply: Stocks: Farm July 1	Supply: Stocks: Total	Supply: Production	Supply: Imports	Supply: Total supply	Distribution: Exports	Distribution: Stocks	Distribution: Apparent disappearance
	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.	1,000 bu.
1935	8,560	2,723	11,283	58,597	2,266	72,146	9	22,299	49,838
1936	6,379	15,920	22,299	25,319	3,943	51,561	249	5,886	45,426
1937	1,406	4,480	5,886	49,830	1/	55,716	6,578	9,699	39,439
1938	1,000	8,699	9,699	55,039	1/	64,738	3/784	23,066	40,888
1939 2/	7,384	15,682	23,066	41,486		64,552			

1/ Less than 500 bushels.

2/ Preliminary.

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